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Supreme Court, U.S.

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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1987

BLOCK DRUG COMPANY, INC., BLOCK DRUG  
CORPORATION AND DENTCO, INC.,

*Petitioners,*

vs.

MILTON HODOSH and RICHARDSON-VICKS, INC.,

*Respondents.*

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**REPLY BRIEF IN SUPPORT OF PETITION  
FOR A WRIT OF CERTIORARI TO THE  
U.S. COURT OF APPEALS FOR THE  
FEDERAL CIRCUIT**

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**I. THE ABSENCE OF A FINAL JUDGMENT DOES NOT  
AFFECT THE IMPORTANCE OF GRANTING THE  
WRIT TO REVIEW THE CERTIFIED QUESTION OF  
LAW**

In opposing the Petition, respondents urge (Resp. Br. p. 6) that this Court should not grant the petition for certiorari because there is no final judgment. However, the present case raises a special and important question of law, which was recognized by both the District Court by certifying the question and the Court of Appeals below by granting interlocutory review of the certified question under 28 U.S.C. §1292(b).

Significantly, in *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176 (1980), under similar procedural circumstances, this Court granted certiorari prior to final judgment. Petitioners in *Dawson* moved for summary judgment on the patent misuse issue, arguing that Rohm & Haas misused its patent by granting the right to practice the patented method only to purchasers of its propanil-containing composition. The District Court granted partial summary judgment on the issue of patent misuse, the Fifth Circuit reversed, and despite the denial of summary judgment, this Court "granted certiorari, to forestall a possible conflict in the lower courts and to resolve an issue of prime importance in the administration of the patent law", 448 U.S. at 185 (citations omitted), while noting that other issues "remain for development on remand". 448 U.S. at 184 n.3.

In this case, the reasons for granting certiorari on the misuse issue are buttressed by the fact that the District Court recognized the existence of "a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal . . . may materially advance the ultimate termination of the litigation." (App. C-2). The District Court certified the question. The Court of Appeals for the Federal Circuit agreed, and permitted the appeal. None of the cases relied on by respondents (Resp. Br. p. 6) as to interlocutory review by this Court involved an instance where a district court and a court of appeals, recognizing that a substantial legal issue existed, were dealing with a certified legal question under 28 U.S.C. §1292(b).

The District Court, while denying summary judgment, recognized (App. B-9 to B-13) the law of patent misuse, as developed in the long line of decisions by this Court and deemed the legal question of the focus in determining whether a patent monopoly can be expanded, to be of sufficient importance to certify the question, so it could receive guidance at the appellate level. This Court should provide such guidance.



## II. RESPONDENTS' BRIEF DOES NOT OVERCOME THE SPECIAL AND IMPORTANT REASONS FOR GRANTING THE WRIT

The reasons offered by respondents for denying the writ are not persuasive. While respondents argue that Block sells toothpaste, and not potassium nitrate alone (Resp. Br. p. 8), it is undisputed that potassium nitrate, a staple, is the essential ingredient of the toothpaste and the advance over the prior art (Petition pp. 4, 5 and App. D-1). The toothpaste is unpatented. It is only the potassium nitrate in a common paste or water or other carrier which gives relief to hypersensitive teeth.

Respondents' assertion (Resp. Br. p. 7, n 9) that the non-toxic paste has something to do with the inventive concept has never had any factual support, by affidavit, or otherwise. Not only is this contrary to the teaching of the patent, (Petition pp. 4-6, App. D-1) but the toothpaste carrier is an old formula copied from the prior art. *Hodosh v. Block Drug Co.*, 786 F.2d 1136, 1143 (Fed. Cir.), *cert. denied*, 107 S.Ct. 106 (1986).\*

Respondents' "Counterstatement of the Question" which asserts that one should address only "the material actually sold" without looking further, would preclude a court from any analysis of that material. It has already been determined that the nature of the product is such that the potassium nitrate is the essential ingredient which imparts any novelty to the method. If it were simply "any ingredient", there would have been no basis for certification.

Respondents rely (Resp. Br. pp. 11, 12) on statements made by Mr. P.J. Federico in his *Commentary on the New (1952) Patent Act*. His comments regarding "the thing sold," however, were of a general nature, and simply repeated the statutory language. Mr. Federico was not discussing the specific issue before this Court, nor did he have before him the *Dawson* decision which reiterated the importance of focusing on the "essential" ingredient. (Petition p. 11)

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\* Interestingly, RVI's Denquel toothpaste packaging refers to only one active ingredient, i.e. potassium nitrate (earlier advertising having designated the potassium nitrate as the "patented, active ingredient").

The misuse issue is not simply "the refusal to license Block" (Resp. Br. p. 3) as respondents assert. It is misuse to grant licenses only to RVI's purchasers and thus tie the use of the patented method to the purchase of unpatented materials, and to bring a suit against another supplier of such materials. *Leitch Mfg. Co. v. Barber Asphalt*, 302 U.S. 458 (1938); *B.B. Chem. Co. v. Ellis*, 314 U.S. 495 (1942). All purchasers of toothpaste from RVI receive a license to use the product, and whether anyone other than Block has made an express request for a license (Resp. Br. p. 8) is irrelevant. As stated in *Rex Chainbelt, Inc. v. Harco Prods., Inc.*, 512 F.2d 993, 1002 (9th Cir.), *cert. denied* 423 U.S. 831 (1975), if "no other licensing program [is] visibly available" (other than with the implied license given with the sale of the unpatented product), then misuse is established.

Moreover, respondents' reliance on *Switzer Bros., Inc. v. Locklin*, 297 F.2d 39 (7th Cir. 1961), *cert. denied*, 369 U.S. 851 (1962) (Resp. Br. p. 8) for the theory that licensing Block would be misuse, is misplaced. In that case, an antitrust violation resulted from tying a patent license to many things, including the use of trademarks and the purchase of materials for the production of all fluorescent devices, and Switzer's misconstruction of 35 U.S.C. §271(c) was not considered an excuse for its far-reaching antitrust violations.

Respondents assert that the plain wording interpretation of Section 271(c) is unambiguous. (Resp. Br. p. 9) To the contrary, this Court in *Dawson* pointed out "the language of §271 is generic and freighted with a meaning derived from the decisional history that proceeded it." *Dawson*, 448 U.S. at 187.

Respondents' further assertion (Resp. Br. p. 16) that it would be "a practical impossibility for RVI or Dr. Hodosh to monitor direct infringement" is the same type of argument that was offered unsuccessfully in *B.B. Chemical Co. v. Ellis*, 314 U.S. 495 (1942). This Court responded, 314 U.S. at 498:

It is without significance that, as petitioner contends, it is not practicable to exploit the patent rights by granting licenses because of the preferences of

manufacturers and of the methods by which petitioner has found it convenient to conduct its business. The patent monopoly is not enlarged by reason of the fact that it would be more convenient to the patentee to have it so, or because he cannot avail himself of its benefits within the limits of the grant.

### III. THE FEDERAL CIRCUIT DECISION WOULD PERMIT PATENT MONOPOLIES TO BE EXPANDED BY SUCH COMMERCIAL TECHNIQUES AS MARKETING AND PRICING

The Federal Circuit erroneously left it to the district court to have the misuse issue decided by questions relating to marketing and pricing. (App. B-14) Such a basis for determining the scope of the patent monopoly is inconsistent with the long line of cases on misuse, and with 35 U.S.C. §271(c), which states that in order to qualify as a nonstaple the material must not be "suitable for substantial noninfringing use". The staple/nonstaple determination should depend on the inherent nature of a material.

The Federal Circuit's decision, if left undisturbed, would permit patentees to circumvent the limitations inherent in method-of-use patents and, by marketing and pricing techniques, obtain monopoly rights which the Patent Office refused to grant. Such a result was clearly not intended by Congress in enacting 35 U.S.C. §271. It is also contrary to *Dawson*.

Respondents' reading of the statute would constitute a significant expansion of *Dawson*, and would be contrary to the public policy set forth in the misuse cases decided by this Court.

As stated in the Petition, the Federal Circuit Decision is in conflict with *Dawson* and other Supreme Court and Ninth Circuit precedent on patent misuse.

## CONCLUSION

For the reasons set forth above and in the Petition for a Writ of Certiorari, such Writ should issue to the Court of Appeals for the Federal Circuit.

Respectfully submitted,

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